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Labour Markets

The latest *Labour Market Statistics* covering the June to August 2005 quarter show a small increase in the number of people in employment in the UK with the result that the seasonally adjusted working age employment rate rose by 0.1 percentage point from the previous quarter (and year) to 74.8% (*Labour Market Statistics*, October 2005). The number of people in employment in the UK rose by 103,000 over the quarter, following an increase of 83,000 in the previous quarter to 28.75m. The UK seasonally adjusted unemployment rate was 4.7%, unchanged on the previous quarter. The UK unemployment claimant count at 875,500 was up 8,200 on the month having been down 1,600 in the previous month.

In Wales, in the two years from the June to August 2003 period, employment was down slightly, although in the latest quarters the employment level has remained stable. The seasonally adjusted employment rate during the latest quarter (June to August 2005) was 71.9%, up 0.8 percentage point on the previous year, while the seasonally adjusted unemployment rate was 4.6%, unchanged over the year. Meanwhile, the Welsh seasonally adjusted unemployment claimant count was 2.3% (41,700 claimants) in September, up by 2,200 claimants over the year.

The *Labour Force Survey* (LFS)

estimated the number of economically active people in Wales to be 1.387 million in the June to August 2005 period; a gain of 17,000 over the year. Meanwhile, the number of economically inactive people in Wales was 437,000; down 12,000 on the year. This is an economic inactivity rate of 24.6%, down 0.8 percentage point from a year earlier. However, in the context of a slight rise in inactivity in the previous quarter, these changes constitute marginal fluctuations rather than a much awaited downward trend in inactivity.

Table 2 provides summary data for the UK regional labour market. In this latest

period Wales maintained its position above the North East, London and Northern Ireland in terms of activity rates while the South East and East continue to lead the employment rate rankings. Hence, the labour market is still stable.

Table 3 gives employee jobs by industry for Wales in June 2005 (not seasonally adjusted), and shows the percentage change for each industrial category. The service sector is alone in having growing numbers of jobs. In absolute terms the highest job losses over the period were experienced by the construction sector (-17,000 jobs).

Table 2: Labour Market Summary, June to August 2005.

| | Economic Activity rate | Change on year | Employment rate | Change on year | ILO Unemployment rate | Change on year |
|------------------|------------------------|----------------|-----------------|----------------|-----------------------|----------------|
| North East | 75.0 | 0.4 | 69.9 | -0.1 | 6.8 | 0.8 |
| North West | 77.7 | 0.8 | 74.0 | 0.5 | 4.7 | 0.3 |
| Yorks & Humber | 77.7 | -0.2 | 74.1 | -0.3 | 4.5 | 0.1 |
| East Midlands | 80.4 | 1.4 | 76.7 | 0.8 | 4.5 | 0.7 |
| West Midlands | 77.9 | -0.4 | 74.2 | 0.1 | 4.6 | -0.6 |
| East | 81.7 | -0.5 | 78.4 | -0.9 | 4.0 | 0.4 |
| London | 74.7 | -0.5 | 69.4 | -0.1 | 6.6 | -0.5 |
| South East | 82.3 | 0.4 | 79.2 | 0.4 | 3.7 | 0.1 |
| South West | 81.8 | 0.1 | 78.8 | -0.1 | 3.6 | 0.1 |
| England | 78.9 | 0.1 | 75.1 | 0.0 | 4.7 | 0.1 |
| Wales | 75.4 | 0.8 | 71.9 | 0.8 | 4.6 | 0.0 |
| Scotland | 79.5 | -0.1 | 75.5 | 0.5 | 5.1 | -0.6 |
| Northern Ireland | 73.3 | 2.7 | 69.9 | 2.5 | 4.6 | 0.0 |
| UK | 78.6 | 0.2 | 74.8 | 0.2 | 4.7 | 0.0 |

Source: Labour Force Survey (June to August 2005)

Table 3: Wales Employee Jobs by Industry; June 2005 (thousands, not seasonally adjusted).

| | Ag, Forest & Fish | Mining & Energy | Manufact. | Construct. | Service & Other | All Jobs |
|----------------------------|-------------------|-----------------|-----------|------------|-----------------|----------|
| Male | 10 | 7 | 132 | 36 | 359 | 543 |
| Female | 3 | 2 | 44 | 5 | 505 | 558 |
| All June 2005 | 13 | 8 | 176 | 41 | 864 | 1102 |
| All June 2002 | 14 | 9 | 186 | 58 | 818 | 1084 |
| % change(ALL) over 3 years | -7.1 | -11.1 | -5.3 | -29.3 | +5.6 | +1.6 |

Note: sum of figures does not match All jobs columns/rows because ABI totals are pro-rated to create regional data.

Source: Labour Market Statistics, October 2005

Table 4: Unemployment in Wales; Claimant Count by Unitary and Local Authority Area – 8th September 2005, % of Population (not seasonally adjusted).

| | Men | Women | People |
|-------------------|------------|------------|------------|
| Wales | 3.3 | 1.3 | 2.3 |
| Blaenau Gwent | 6.0 | 1.2 | 4.1 |
| Bridgend | 3.5 | 2.0 | 2.5 |
| Caerphilly | 4.2 | 1.4 | 2.9 |
| Cardiff | 3.7 | 1.5 | 2.4 |
| Carmarthenshire | 2.8 | 1.1 | 2.0 |
| Ceredigion | 1.8 | 0.7 | 1.3 |
| Conwy | 3.1 | 1.0 | 2.1 |
| Denbighshire | 2.8 | 1.1 | 2.0 |
| Flintshire | 2.5 | 1.1 | 1.8 |
| Gwynedd | 3.1 | 1.1 | 2.2 |
| Isle of Anglesey | 4.3 | 1.3 | 2.9 |
| Merthyr Tydfil | 5.5 | 1.9 | 3.7 |
| Monmouthshire | 2.1 | 1.0 | 1.6 |
| Neath Port Talbot | 3.8 | 1.5 | 2.7 |
| Newport | 4.0 | 1.4 | 2.7 |
| Pembrokeshire | 3.1 | 1.1 | 2.2 |
| Powys | 2.0 | 0.9 | 1.5 |
| RCT | 3.6 | 1.3 | 2.5 |
| Swansea | 3.6 | 1.2 | 2.4 |
| Torfaen | 3.0 | 1.1 | 2.1 |
| Vale of Glamorgan | 3.2 | 1.2 | 2.2 |
| Wrexham | 2.5 | 1.0 | 1.8 |

Source: Jobcentre Plus Administrative System

Table 4 shows unemployment claimant count rates in Wales by unitary authority area in September 2005. Claimant counts in Wales are down further from February 2005 having already dropped over the previous year. The claimant count rate in Blaenau Gwent, while consistently higher than elsewhere in Wales, has dropped by 0.2 percentage points since February. Isle of Anglesey male unemployment rates have improved from 5.1% to 4.3%, while rates in Merthyr have deteriorated from 5.2% to 5.5%. On the whole, however, the changes are slight and do not contradict other signals relating to the current stability of the labour market.

Earnings

The latest *Annual Survey of Hours and Earnings* (ASHE) for 2005 has not yet

been released. Readers will recall this is the new employee-based survey which replaced the *New Earnings Survey* in 2004.

This edition of the *Review* reports earnings data derived from the *Labour Force Survey*, which is a household survey. The most up to date regional information covers the Winter 2004/05 period. Table 5 gives average gross weekly earnings of full-time employees by region.

According to this survey, and not unexpectedly, the highest paid weekly full-time earners are in London followed by the South East. Average weekly earnings (all) in Wales are 9.5% below the UK average and 28% below London. Female earnings in Wales are slightly

closer to the UK average, at 8.8% below, than male earnings while the London/Wales female wages disparity is equally as great as that of males. The final column of the table calculates the percentage change from winter 2003/04 to winter 2004/05. While these figures should be treated with some caution as a result of sampling variability, and one-off regional comparisons will not allow any trends to be detected, it is interesting that Wales experienced among the largest change in total average gross weekly earnings, second only to the North East. However, this growth only applies to those employed full-time and inferences cannot be made regarding the effect of part-time earners on the prevailing earnings gap between Wales and the rest of the UK.

Table 5: Average total gross weekly earnings of full-time employees by region (£ not seasonally adjusted) Winter 04/05.

| Region | All | Male | Female | All %change winter 04/05 |
|------------------|------------|------------|------------|--------------------------------|
| UK | 453 | 494 | 388 | +3.6 |
| GB | 454 | 496 | 388 | +3.4 |
| England | 460 | 501 | 393 | +3.6 |
| North East | 388 | 424 | 332 | +8.9 |
| North West | 399 | 428 | 353 | +1.5 |
| Yorks & Humber | 412 | 454 | 343 | +5.6 |
| East Midlands | 420 | 459 | 357 | +4.2 |
| West Midlands | 410 | 438 | 361 | +1.4 |
| East | 485 | 540 | 393 | no change |
| London | 566 | 617 | 497 | +3.2 |
| South East | 510 | 560 | 428 | +3.8 |
| South West | 441 | 489 | 357 | +7.5 |
| Wales | 410 | 446 | 354 | +7.6 |
| Scotland | 426 | 468 | 361 | +6.5 |
| Northern Ireland | 393 | 406 | 374 | +6.5 |

Notes: Respondents to the survey whose hourly pay is £100 or over are excluded from the survey.

Source: Labour Force Survey